



MEMORANDUM
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR
LEGISLATIVE DIVISION

TO: Honorable Jose "Pepe" Diaz
Commissioner District 12

DATE: November 24, 2004

FROM: Robert Villar
Legislative Analyst

A handwritten signature in black ink, appearing to read "Robert Villar", is written over the printed name.

SUBJECT: November 23, 2004
Transportation Committee

Per your request, attached is a brief summary of the events that transpire yesterday at the Transportation Workshop at Miami International Airport and the handout provided to Commissioners.

If you require further information do not hesitate to call me 305-375-3718 or 305-338-7816 cell phone.

Tuesday, November 23, 2004
Transportation Committee Briefing at MIA

Present:

Dennis C. Moss (9), Chairperson; Bruno A. Barreiro (5), Vice Chairperson; Barbara J. Jordan (1)

- I. Chair's opening comments & introductions
Welcome to Commissioner Jordan and Dr. Bonzon
- II. Citizens Presentation
James O'Reilly, Union President – Welcome Dr. Bonzon, look forward to working with him.
- III. Discussion Items
 - a. Director's comments
 - Thank you for the opportunity
 - Our employees are the BEST
 - The new Deputy Director over the CIP, John Cosper, has been selected & will start December 1st.
 - American Airlines has announced reduced fares from MIA, no more excuses to fly out of FLL.
 - Congressman Meek helped us secure \$1 million towards the Opa-Locka Airport Tower Project. Need \$4 million more.
 - Congressman Diaz-Balart is working on getting federal dollars to strengthen the runways.

Not on Agenda – FDOT Rental Car Facility (RFC) Update by Rick Katz
5-year Develop & Build Plan

1. RCF Foundation work (now)
 - Barreiro, when will construction begin.
 - i. Vertical Construction is schedule to begin in about 1 year. It is currently being priced for the RCF.
 - ii. Construction has already begun on the Tri-rail extension.
 - iii. Columns will begin to go up in about 12 months.
2. Central Station – Miami Intermodal Center (MIC) Core
3. Terminal Access Road
4. LeJeune Road Improvements
5. MIC-MIA Mover Connection

Industry Participation at RCF

- Space allocations - give & take. FDOT went to all companies to verify data submitted (to verify that everyone was on the same page)
 - i. FDOT has identified space requirements based on companies' wish lists.
 - ii. FDOT has also had a consultant study and prepare a best-fit scenario

- iii. Best-fit design will have to be reworked if the County Attorney rules that Global Rent-A-Car is eligible to be in the RCF based on its acquisition of Inter-American which was an original signer of the Agreement. (The County Attorney has yet to receive all required documents to issue is determination)
 - iv. Jordan, if companies who signed the Agreement fall-out, can their space be redistributed other smaller companies? (No, only companies which were party to the original Agreement will be allowed to participate in the RCF.
 - BCC directed that the space be reworked based on operations, maintenance, and build-out of the space.
 - Working on final agreement
 - Ready to meet with all parties at once to finalize the plan
- b. North/South Concessions Program Update Report (BCC ITEM 7A1A)
- Most of the Industry's concerns have been addressed request to advertise while additional negotiations continue.
 - Open to Prime Operators & Developers is the MAJOR outstanding issue. The Department feels that allowing both types of bids, the County will gain the advantage of increased completion.
 - Barreiro, which model works best, Developer or Prime?
 - Center for Airport Management, a study of the top 10 Airports has primes, developers, and a mixed approach. The Best, JFK is a developer model with sales per in-plane passenger of \$9.50.
 - In the Central Terminal only developers were allowed to bid.
 - Three bids were received, one company was deemed non-responsive, leaving only two bids.
 - The Term is recommended to be changed to 8 years with an option to extend 1-2 years. This will allow at least 5 years to amortize costs.
 - The financing requirement is recommended only to DBE sub-tenants instead of all sub-tenants.
 - 1% of construction cost will be charged to cover the cost of permitting (The Department will further study the cost to determine if the 1% is appropriate). MIA pays for employees from the Building & Fire Department to be on hand to expedite permitting for the MIA CIP this will allow MIA to recover those administrative cost.
 - The percentage of locations operated by the Prime Operator is recommended to increase from a maximum of 50% to 60%.
 - The Minimum Annual Guarantee (MAG) is recommended to be delayed by 365 days from the effective date of the contract.
 - Percentage Rents is recommended to be brought in line with the Central Terminal.
 - The Marketing & Promotion Fee is corrected to be ½%.
 - Moss, will the DBE firms be protected from excess cost passed on by the prime or developer? County Attorney, this item will come back to the Board for the contract to be approved, you can make

sure it is fair before you approve it. The Minority Affairs Office of MIA and the County Attorney will work on protecting the subcontractors through an addendum to the contract.

- Jordan, Guidelines need to be established on cost shifting.
 - Darrel Benton, VP Development Hudson News,
 - Allow Prime or Developer to recover the 1% Construction Administrative Fee if they pay it.
 - The higher percentage of location the prime is allowed to operate the better position they will be in.
 - Regarding the buy-out of unamortized expenses, allow buy-out of five-year rehab. (Dr. Ryan, MIA, if we take your location we will buy-out any unamortized cost but none if you live out your contract.)
 - Carol Ann Taylor, How does the DBE Goal apply to sub-tenants?
 - The 30% DBE Goal is based on gross revenue not on the percentage subcontracted.
- c. Duty Free RFP (BCC ITEM 7A1I)
- The proposal due date is recommended to be extended through March of 2005.
 - Joe Lions, VP of DFS Business Development, recommends extending deadline from 90 days to 150 but at least 120 days to properly prepare bids.
 - The MAG is currently at \$1.41 per International In-Plane Passenger, it is recommended to be \$1.21 based on new projections and the existing contract was pre 9/11 (when the industry average was higher than it is today).
 - Joe Lions, VP of DFS Business Development, states concern that the MAG is based on a per passenger formula because a shift in international travel could have a large impact on duty free sales. Average duty free sales per international passenger is \$5.40; however, Domestic travelers going out of the county only account of a average base sale of \$0.50 while foreign passengers account for about \$10.00 in base sales. A shift from foreign to domestic international travelers could severely impact them.
- d. Sixth Amendment – Center for Airport Management (CAM)
- Original contract was setup to require an amendment to extend it (two years with eight 1 year options).
 - \$200,000 to exercise the 6th one-year amendment
 - The contract has a 20% BBE component which is unenforceable, the contractor has volunteered to uphold it voluntarily.
- e. MIA Mover Automated Passenger Movement (APM) System (BCC ITEM 7A1H)
- The County's agreement with FDOT requires the Mover to be completed within two-years of the completion of the RCF.
 - This Item approves the advertisement of a RFP to Design, Build, Operate, and Maintain (DBOM) for five years with two five year options to renew.
 - This will allow the project to be evaluated not only on the cost of the mover but also its operation and maintenance.

- **THIS WAS NOT DISCUSSED NOTE:** the original cost estimate in the 2000 CIP was \$400 million it now has a less than \$200 million estimate, **HOW?** The CIP changed from following the terminal to just going straight-in with just one stop at the terminal. Steal, Concrete, Fuel, Insurance, and Labor cost have all increased since 2000.
- f. Fuel Farm Operation Status Report.
 - New tamper proof meters will be installed in January; Audit & Management Services (AMS) recommendations have been implemented.
 - To date about \$200,000 has been recovered from fuel system users.
 - The Department has requested that the AMS and the OIG check that appropriate controls are in place. (The Commission Auditor was present and indicated his intent to be part of the process.)